AUDIT PANEL		
Report Title	DRAFT INTERNAL AUDIT PLAN FOR 2009/10	
Key Decision	NO	Item No. 6
Ward	ALL	
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES	
Class	Part 1	Date: 12 MARCH 2009

1   **Purpose of the Report**

The purpose of this report is to present the members of the Audit Panel with the draft Internal Audit Plan for 2009/10 for their Consideration.

2   **Recommendations**

It is recommended that Audit Panel agree the draft audit plan.

3   **Draft Audit Plan For 2009/10**

3.1   The 2006 CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (CIPFA Code) recommends that Internal Audit sections produce a plan of work that they propose to carry out during the financial year. The purpose of the plan is to ensure that the available audit resources are used effectively and are targeted towards the key and high risk areas of the Council's activities.

3.2   The CIPFA Code also recommends that the audit plan is fixed for a period of time that is no longer than twelve months, and is sufficiently flexible to accommodate changes in risks and priorities that arise during the period covered by the plan.

3.3   In compiling the 2009/10 activity plan, the Head of Audit and Risk has taken into consideration a number of factors. These include:-

- The Corporate, Directorate and Service risk registers

- The risk categories used in compiling the risk registers and Internal Audit's own assessment of risk in the operational areas

- The adequacy of the risk management, performance management and other assurance processes within the Council

- The requirements of the external auditors and their ability to place reliance on the work of Internal Audit in forming their opinion on the Council's Financial Statements

- The extent and scope of audit activity in previous years

- Previous audit reports and recommendations made to strengthen controls or enhance systems

- External factors such as the Financial Management Standards in Schools (FMSiS) and grant conditions,

- The requirements of regulations and legislation

- The views of the Directorates

3.4 It is anticipated that the plan will be delivered primarily by the Council's internal audit contractor. RSM Bentley Jennison.

3.5 The draft audit plan for 2009/10 is set out in Appendix 1 to this report. The draft plan covers the activities of the Council that the Head of Audit and Risk considers are in need of an independent Internal Audit inspection.

4 Legal Implications

There are no legal implications arising directly from this report.

5. Financial Implications

The Council will incur costs of approximately £400,000 in delivering this internal audit plan. These costs will be in the form of contract payments to the Council's internal audit contractor, RSM Bentley Jennison, and may vary from this sum dependent on the amount of the contingency that is used and variations to the plan during the year.

6. Equalities Implication

There are no specific equalities implications arising directly from this report.

7. Crime and Disorder Implications

There are no specific Crime and Disorder implications arising directly from this report.

8. Environmental Implications

There are no specific environmental implications arising directly from this report.

Background Papers

None.

If there are any queries on this report please contact the Audit and Risk Manager on 0208 314 9114.

Audits Planned	Priority	Client Days	Objective
Resources			
Budget Setting & Control	H	15	Review the process of budget setting and monitoring process to ensure that it is robust. To include the way the budgets have been constructed, the profiling and forecasting models used, virements, the alignment of budgets with the current service plans and activity levels. The review will also cover the funding formula for CYP schools and the Access Support Service and key controls for Audit commission in relation to schools reconciliation.
Capital Programme and Expenditure	M	12	Review the process of forecasting for the capital programme, monitoring arrangements to the performance review groups, identification and action of any slippages and cost over-runs and lessons learnt to inform future projects
Use of Consultants	H	12	Review of the process for the recruitment and management of consultants including the control database which was introduced in December 2008
Creditors (Accounts Payable)	M	10	Review of central payments process systems, controls and reconciliations
Central Recharges	M	10	Review of central recharge process systems, controls and reconciliation.
Contracts - (register, business continuity, Tendering and appeals)	H	18	Review of the systems for awarding, controlling and managing contracts. the review will include the tendering, award and appeals process, operation of the central contracts register, and the contract management process including business continuity arrangements and the mechanisms for dealing with contractors that go into administration, particularly for those supplying care services to the Council.
Communications - Design & Print Contracts	H	12	Review of arrangements of the tendering process for the printing contracts that are due to end in 2010.
CRB Checks	H	8	Review of Criminal Record Bureau (CRB) checks, to include checks for existing staff.
Data Voice/IP Network	H	10	Review of the arrangements for the replacements of the Data Voice/IP Network.
Fixed Assets	H	10	Review of the system for operating and maintaining the Council's fixed asset register, accounting for fixed assets and the mechanisms for valuing and depreciating fixed assets.
Income & Savings Targets	M	8	Review of income and savings targets - to include the identification of savings which have not been agreed.
Insurance	M	8	Review of insurance contractor in terms of service provided and adequacy of insurance arrangements.
Electoral Services - ITSA & statutory audit	H	15	Review of the system including the significant reliance on IT systems and the management of the European election in June 2009 to include

Audits Planned	Priority	Client Days	Objective
			postal voting
Main Accounting System / General Ledger	H	15	Review of the main accounting system. This may include the monthly management accounts process and controls to ensure that all expenditure is accrued for/correctly stated; the suspense accounts to ensure they are being managed effectively; controls around the use of journal transfers; set up and amendment of accounting codes; and the key account reconciliations between the feeder systems and the General Ledger.
Meridio - Record Management System	H	10	Review of Merido - to include the security issues regarding confidentiality, use of agency staff, vetting process and budgetary control.
Payroll	H	15	Review of the payroll system to include the recovery of salary overpayments and overtime claims. Follow up on the previous review recommendations
Pension fund	H	15	Review of the pension fund to include, transfers into and out of the scheme, the management, performance and monitoring of the fund. Follow up on the previous review recommendations
Governance	H	8	Review of the governance arrangements for the Council
Risk Management	H	5	Review to cover the implementation of recommendations made in previous reports and the key controls and information flows will be documented
Share Point	H	10	Review of SharePoint system in place in terms of fit for purpose, contingency arrangements and the overall management .
Managing Sickness and Absence	M	12	Review of the systems for managing sickness and absence, to include the processes for referral of staff to Occupational Health (OH), implementation of recommendations made by OH, and the monitoring of the effectiveness of the recommendations.
Sustainable Resources - Negotiation of Energy Contracts	M	10	Review into selection process of energy contracts to ensure VFM.
Treasury Management / Investments and loans	H	10	A review of treasury management and investments and loans.
Resources total		**258**	

Customer Services			
Cash collection and banking	H	12	Review of the cash collection and banking arrangements. To include web based collections and the accounting officer system, over and under banking and the setting up of bank accounts.
Council Tax	M	15	Review of council tax - to include over charging, billing, single person discounts and enforcement following the recent migration to the a new

Audits Planned	Priority	Client Days	Objective
			system.
Customer Relationship Management System (CRM)	H	15	Review to establish whether the system adds value to the process after the pilot takes place in customer services in March 2009.
Debtors	H	15	Review the processes for raising debtor accounts, the effectiveness of the debt recovery process, and the implementation of the recommendations from the Best Value Review and the previous audit.
Housing Benefits	H	25	Review of housing and council tax benefit - to include payments and reconciliations following the migration to the new system, and examine the interfaces between the new system and the general ledger.
NNDR	M	15	Review of the NNDR system to include charging billing, collection and enforcement following the migration to the new system.
Private Sector Housing - grants	M	10	Review of the system in place for the provision of disability grants and home improvement loans
Empty Properties	M	10	Review of the system whereby LA takes over the management of derelict properties on a 7-year lease in return for property improvements. Lewisham is the lead LA and has performed 5/12 takeovers. This area is separately funded.
Vehicle Fleet	M	12	Review of the system in place for the purchase and leaseback of fleet maintenance ; and recording, issuing and monitoring of fuel.
Fly Tipping	M	8	Review of systems in place to monitor, prevent, and identify fly tipping.
Trading Standards	M	12	Review of Trading Standards in terms of surveillance, joint working, knife confiscating etc
Homelessness	H	10	Review of the systems for dealing with homelessness cases following the restructure and relocation of the service.
Single Homelessness Intervention & Planning (SHIP)	M	10	Review of the new SHIP project to include the controls surrounding central assessments and referral service, and how single homeless people who need and would benefit from supported accommodation are given a suitable placement
Customer total		**169**	

Community Services			
Adult Social Care IT System	H	10	Review of the replacement of the Adult Social Care System. SWIFT / systems liquid logic - post implementation to include data migration
Supporting People Procurement & Decommissioning	M	15	Review of the supporting people procurement & commissioning project - as joint commissioner this review will include the monitoring of objectives to get people of benefit, and decommissioning arrangements.
Blackheath Village Library	M	5	A review in accordance with libraries audit programme.

Audits Planned	Priority	Client Days	Objective
Lewisham Central Library	M	6	A review in accordance with libraries audit programme.
Forest Hill Library	M	5	A review in accordance with libraries audit programme.
Wavelengths Library	M	5	In accordance with libraries audit programme.
Broadway Theatre	H	5	Review focusing on cash income, security of cash and all financial systems at the Broadway Theatre.
Carers Grant	M	7	Review the system for assessing, issuing and controlling carers grants
Client contributions for residential and domiciliary care services	H	10	Follow up review of the system for assessing clients ability to contribute towards the cost of care services received, including the processes used for raising charges and recovering overdue accounts. Effectiveness of the system for recovery of fees from residents assessed as having means to pay.
Client Financial Affairs	H	8	Review of the system to ensure arrangements are in place for the management, safeguarding and protection of client's property and financial affairs where the Council has taken on this responsibility. Review of key controls and documentation of key information flows.
Procurement, Contracts & Brokerage	M	7	Review of the system for obtaining care home beds including the arrangements for block booking beds
Community Education Lewisham (CEL)	H	8	Post restructure review of systems operating in the Community Education Lewisham Service
Community Sector Grants	H	7	Review of the systems for assessing applications for grant funding from voluntary organisations, award and payment of the grant, and compliance with any conditions attached to the grant.
Direct Payments / Individual Budgets	H	10	Review of controls over direct payments to adults and to include a follow up of previous reviews recommendations.
Honor Lea Hostel	M	6	Review of the Honor Lea Hostel which is managed by SLAM although staffed by LBL employees
Hughesfield Day Centre	L	5	A review in accordance with the Day Centre audit plan
Ladywell Day Centre	L	5	A review in accordance with the Day Centre audit plan
Wesley Halls Day Centre	L	5	A review in accordance with the Day Centre audit plan
Lifestyles, Leemore, Mulberry & Nabourhood Day Centre	L	15	A review in accordance with the Day Centre audit plan
Independent Living	M	10	Review of the systems associated with the independent living services with particular focus on adults with learning disabilities
Supported Housing & Care - Homecare and	M	10	Review of the systems for assessing clients for home care and monitoring service delivery, and

Audits Planned	Priority	Client Days	Objective
Link Line			the link line service.
Supported Housing & Care - Sheltered Housing	M	8	Review of the systems for the assessing clients for sheltered housing and monitoring service delivery.
Nursing Care	M	12	Review into how the need for nursing care is assessed, and PCT recharges
Payments to residential and domiciliary care providers	M	10	Follow up review of the process for paying residential and domiciliary care service providers, monitoring payments and comparison of costs to agreed prices
Youth Offending Team	M	10	Review of the controls surrounding the youth offending team service
Community Services Total		**204**	

CHILDREN AND YOUNG PEOPLE			
Adoption	H	12	Review of the system for adopting children to include the changes since the judicial review and looking at the procedures set by the Government for means testing to ensure that the scheme being applied correctly
Payments and Commitments to Children	M	8	Review of the system of controls and procedures surrounding payments and commitments for payments to children - including possible use of payment cards
Social Care Contractual Arrangements (include preferred provider framework)	H	12	Review into process of tendering process for social care provider selection. To include unsuccessful providers and assessments of the financial viability of contractors and payments paid over and above the set contract.
Contact Point - ISA Audit	H	15	Review of the new system from DCSF and annual assurance - to include the security and access of sensitive information, and management of the system and complies with the DCSF requirements.
SEN transport (door to door)	M	8	Review of the Door to Door SLA .
Early Years & Play	M	8	Review of payments to service providers and the monitoring of service delivery.
Education Business Partnership	M	8	Review of the systems in place to control the operation of the Education business Partnership Deferred from 08/09
Estate Management	M	12	Review of the systems for managing the repair and maintenance of the CYP estate following the restructure of the service in 2008/09.
Family Support & Intervention	H	8	Review of the systems in place for supporting families in crisis. Including a review of the system for incurring extra costs in respect of the placement of children with foster carers and children's homes e.g. new school uniforms etc.
Fostering	M	12	Review of the system for placing children with foster carers. Concerns regarding the

Audits Planned	Priority	Client Days	Objective
			overpayment of foster carers, where children have left their placement were raised by Alastair Pettigrew.
Free school meals	M	8	Extended implementation check to review progress on the implementation of recommendations from previous audits and the effectiveness of changes made to the system by CYP.
ICS (IT System)	H	12	Review into the Integrated Children's System - to include the monitoring and actioning of the PI set and ICT issues including critical systems and back up arrangements
Looked After Children (Residential Placements)	H	12	Review into the security for looked after children - to include why Lewisham has a higher than of children in residential care.
Music Service	M	6	Review the system of charges for music tuition to schools and parents and the collection of monies.
Professional Development Centre - Based at Kilmorie School	M	6	Review of the charges for the hire of meeting rooms, collection methods and opportunities for the generation of additional income.
Children's Residence Orders	M	7	Review of the annual assessment of residence orders. To include the controls and procedures of the financial assistance to family members.
Safeguarding Children/Child Protection	H	10	Review of the systems in place for protecting children and reviewing how the council is complying with the recommendations in relation to Baby P
School audits - primary, nursery and special schools.	H	174	Review of school financial and governance systems, and compliance with the Financial Management Standards In Schools (FMSIS) The Department for Education and Skills requires 100% of schools to be accredited as compliant with its new financial standards by 31 March 2010, with at least 80% reaching the standard by 31 March 2009. The new standards are an enhancement to the previous guidelines. Once a school has been assessed as achieving the standard, the certificate lasts for three years, after which the school has to be reassessed.
School Catering	M	5	Review of the school catering contract tendering arrangements as contract is ending in July 09.
School Maternity Supply Cover	M	8	Review of procedures of providing maternity cover to schools
Section 17 - Payments to Families in Crisis	M	10	Review of procedures and management of payments made to families in crisis. To include an analysis of payments.
PRG (Programme Working Group) for CYP and Pupil Number Estimates & Allocation of Places	M	12	Review of the PRG (Programme Working Group) for CYP in relation to the building programme for schools - to include a review of the system on the calculation of pupil numbers and allocations.
CYP Total		**373**	

Audits Planned	Priority	Client Days	Objective
REGENERATION			
Highways	M	10	Review the new highways contract.
Capital Programme Management	M	10	Review of the capital management programme in terms of monitoring and review; project review groups reporting to the Project Board.
PFI Client Arrangements	M	10	Review of the clienting arrangements for PFI projects, including Building Schools for the Future (BSF).
Asset Management Plan	M	10	Review of the systems for maintaining and reviewing the Asset Management Plan. Risk register states ongoing budget pressure on estate as a result of additional costs of statutory regulation. Also economic downturn will impact on potential receipts from asset disposals.
New Deals for Communities (NDC) Succession Strategy	M	12	Review of the NDC systems for Education and Skills; Employment and Enterprise; and the succession strategy required by the DCLG as NDC is winding down
Parking System	M	8	Review of the New IT Parking System
Parking - on and off street	H	10	Review of the system - follow up of previous audit recommendations and advisory review from 08/09. High level of debt relating to PCNs - review w/o and collection arrangements. Service run by NCP but contract due for retender.
Planning & Economic Development	H	12	Review the system for planning application and approvals, to include collection of income.
Regeneration total		**82**	

CROSS CUTTING			
Care Planning Arrangements - Transition for Children's to Adults	M	12	Review of care transition systems. It is a future objective that the money follows the person on transition from children's services to adult services. Review of the care planning arrangements for transition from children's services to adult services. (Affects CYP and Community)
Partnership Arrangements	M	8	Review of partnership working arrangements in terms of effectiveness, structure and performance measurement.
Local Assembly Neighbourhood Fund	M	8	Review of the system for managing the Local Assembly Neighbourhood Fund
Sustainable Community Strategy (SCS) and Local Area Agreement (LAA)	M	8	Review of the systems for ensuring the Local Area Agreements are in line with the Sustainable Community Strategy. Scope of review to include delivery plans and performance targets. Risk is poor CPA score, poor relationship with government, reward package not achieved and loss of reputation.
Data Quality and Information Management	H	15	Review of the systems in place for maintaining the integrity and security of data across the Authority.

Audits Planned	Priority	Client Days	Objective
Crunch Time - Audit Commission Report on the Economic Downturn	M	10	Review of the processes for dealing with issues raised by the Audit Commission report on how the current economic climate is affecting local government and the local community.
Grants	M	15	Review of the processes for obtaining all grants, including applying for specific grants; receipt of specific and block grants; recording grants in the grants register; monitoring service delivery and compliance with the grant conditions (where applicable); and compilation of the grant claims and returns (where applicable).
Property Asset Management	H	15	Review of the controls in place for identifying, maintaining and managing properties that the Council are responsible for but are not regarded as forming part of the Corporate or CYP estates. Review to ensure the assets are safeguarded, maintained in good order, comply with property related legislation and operated in an efficient and effective way.
Grant Claims (certification of grant claims)	M	15	Pool of time for verification of specific grant claims
Key Controls Process Mapping	H	20	Key controls and information flows to be documented in accordance with ISA315
Follow Up Reviews	H	30	Follow up reviews of audits with limited or no assurance level opinions to ensure fundamental and significant recommendations have been implemented
Cross Cutting Total		**156**	

Contingency Allocation			
Contingency	n/a	**100**	
Contingency Total		**100**	

Total Contractor Audit Days		**1342**	

Audits Planned	Priority	Client Days	Objective
Client Side			
Implementation of Recommendations and follow up testing of Fundamental Recommendations	H	30	Follow up on implementation of recommendations from final reports from 08-09. Obtain evidence and or further testing on Fundamental recommendations
Assist Management with data matching using CATS	H	30	To include indentifying duplicate payments, comparing single person discounts against electoral register and other reports as requested.
CRSA - Adult Services & Cultural Services	M	18	Assisting Management to introduce Control & Risk Self Assessment
Total Client Days		**78**	